TO: Unit # [redacted]

FROM: FCC Board of Directors

DATE: October 31, 2005

RE: Flood Repairs Advance, Rear Building

Enclosed is an advance in the amount of $ 7,500- toward your unit repairs as a result of the Katrina flood. If you have additional damage from windstorm, no figures from the insurance company are available, however, they should be in this week. At such time a Proof of Loss is arrived at between the Board and the adjuster an advance will be requested.

Please note that this flood insurance advance will be deducted from your total bills with cancelled checks for final payment. For example, if your total repairs for a one bed room unit is $10,000 and FEMA determined that the loss is $12,000 for a one bedroom unit, your final payment will be $10,000 minus $6,000 advance, or $4,000, less deductibles and your pro rata share of trash removal. Overages, at this time, are the responsibility of the unit owner.

On August 31, 2005 FEMA directed adjusters not to complete a Proof of Loss with the insured which resulted in adjusters submitting their figures directly to FEMA without giving the insured an opportunity to contest the figures, at that time. The insured, however, has the opportunity within one year to submit a Proof of Loss with supporting evidence that the cost to repair was more than the adjuster calculated.

There could be a problem. Most condominium associations hired a contractor to do the work for which the Association paid the bill from a lump sum amount received from FEMA. However, in FCC's case most unit owners proceeded immediately to do their own repairs and in some cases demanded they do the work which has resulted in the Association having to pay each unit owner for repairs rather than to one contractor. It is not clear if FEMA will pay overages on an individual unit basis, as mentioned above, as the loss is paid in one lump sum to the Association, the named insured. Management has sent a letter to FEMA requesting clarification. At such time FEMA responds, you will be notified.